

### A LOOK AT RETAIL TRADE—PART II

#### Employment Structure

A more complete employment picture of Idaho's *Retail Trade* industry is presented in FYI Table 1 on page 24. This table includes only those employers and employees covered by the state's Unemployment Insurance law. There are retail merchants who are not covered because they do not pay enough in wages to meet UI coverage requirements. These would include, among others, self-employed vendors, "outside" sales persons working on commissions only, sales ventures that occur sporadically (for example, at a fair, special event, etc.).

Table 1 data (page 24) shows that the top three industries in terms of 2003 average employment were:

- General Merchandise Stores
- Food & Beverage Stores
- Motor Vehicle & Parts Dealers

*Other General Merchandise Stores* gained the most employment between 1998 and 2003. *Grocery Stores* lost the most employment during the same period.

There were more *Motor Vehicle & Parts Dealers* employers/business establishments in 2003 than any other industry. *Miscellaneous Retail Stores* ranked second, and *Building Material & Garden Equipment & Supplies Stores* was third.

The rate of employment growth between 1998 and 2003 occurred in *Other General Merchandise Stores*. *Health & Personal Care Stores* grew the second fastest, and *Automotive Parts, Accessories, & Tire Stores* was third.

The number of businesses increased at the greatest rate in *Specialty Food Stores*, followed by *Electronic Shopping & Mail-Order Houses*, and *Gas Stations*.

#### RETAIL ESTABLISHMENT SIZE

Each month, a U.S. Bureau of Labor Statistics survey asks employers to report employment by establishment or each business site. Most, but not all, employers voluntarily comply with this request. Since *Retail Trade* is an industry in which it is common to have a chain-store structure, this reporting is especially important.

FYI Table 2 (below) presents average employment by size of the retail establishment and per-

FYI Table 2: Retail Trade, Average Employment and Employers by Size of Firm

Size by Average Employment	1993		1998		2003		1993 - 2003 Percent Chg	
	Avg Emp	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp	Employers
Total	58,135	5,251	69,652	5,847	73,132	5,848	25.8	11.4
INA	179	320	272	462	226	515	26.1	60.7
1 - 4	4,898	2,008	5,143	2,156	4,789	2,038	-2.2	1.5
5 - 9	9,590	1,456	10,008	1,500	10,274	1,542	7.1	5.9
10 - 19	11,034	854	12,845	980	12,922	988	17.1	15.6
20 - 49	12,237	413	13,868	489	13,799	480	12.8	16.3
50 - 99	7,921	116	10,877	156	13,073	186	65.0	60.3
100 - 249	11,251	83	13,458	99	11,284	80	0.3	-3.6
250 or more*	1,198	2	3,182	6	7,030	20	486.8	900.0

Cells might not add to total due to averaging and rounding.

\*Disclosure suppression. Cell includes sizes 500-999 and 1000+

Source: Idaho Commerce and Labor, Covered Employment and Wages, November 2004

centage changes from 1993 to 2003. As can be noted from the table:

- Both the number of establishments and average employment in the smallest size categories (less than 10 employees) has remained relatively static during the ten-year period. On the other hand, these small businesses dominate the size of firm category with over 61 percent of the total number of retail stores.
- The number of stores with 250 or more employees increased by only 18 establishments in Idaho. However, the number of employees increased by 5,832, which was 38.9 percent of the total increase of 14,997 in all retail workers between 1993 and 2003.
- Except for the very large establishments, stores with 50-99 employees had the highest growth rates in average employment and number of employers.

FYI Table 3 (below) compares the *Retail Trade* employment and establishment structure to the same categories for all covered employment.

*Retail Trade* businesses with fewer than 50 employees per business establishment employ 57.1 percent of all of the industry's workers. Such businesses include 76.4 percent of all *Retail Trade* stores. Similar size businesses establishment comprise 49.9 percent of total covered employment and 81.2 percent of the business sites.

Large employers (100 or more average employment) number less than two percent of the *Retail Trade* and total covered business yet employ 25 percent of the *Retail Trade* employees and 35.4 percent of all covered workers.

#### "BIG BOX" VS. "MOM & POP"

Idaho has experienced a moderate infusion of large retail stores, usually part of a national or multi-state chain. Names such as Wal-Mart, Home Depot, Costco, Barnes & Noble, Target, ShopKo, and Best Buy have recently become in-state competitors to existing large stores such as Sears, JC Penney, K-Mart, Fred-Meyer, and the Bon-Macy's. Now these stores are found in almost all the larger Idaho cities and have further enhanced these places as regional shopping centers.

The supermarket concept is not new to Idaho. In fact, the modern day model of the large grocery store was pioneered in Idaho in 1939 when J.R. Albertson opened his first Albertson's grocery center in Boise. At the time, his store was much larger than most combined food departments under one roof, and had many more employees than was the norm. Since that time, Albertson's has grown into one of the nation's largest grocery store chains with sales of about \$35 billion, 230,000 employees, and 2,500 stores in 37 states.

Even Albertson's has had competition within Idaho as there are other large, medium, and small sized grocery stores throughout the state. As FYI

FYI Table 3: Retail Trade Compared to Total Average Employment and Employers by Size of Firm

Business Size by Average Employment	Retail Trade				All Employment & Employers			
	Avg Emp	% of Total	Employers	% of Total	Avg Emp	% of Total	Employers	% of
<b>Total</b>	73,132		5,848		576,025		48,365	
<b>INA</b>	226	0.3	515	8.8	2,060	0.4	7,165	14.8
<b>1 - 4</b>	4,789	6.5	2,038	34.9	43,911	7.6	21,017	43.5
<b>5 - 9</b>	10,274	14.0	1,542	26.4	57,831	10.0	8,804	18.2
<b>10 - 19</b>	12,922	17.7	988	16.9	75,428	13.1	5,698	11.8
<b>20 - 49</b>	13,799	18.9	480	8.2	110,674	19.2	3,731	7.7
<b>50 - 99</b>	13,073	17.9	186	3.2	82,220	14.3	1,218	2.5
<b>100 - 249</b>	11,284	15.4	80	1.4	76,548	13.3	530	1.1
<b>250 or more*</b>	7,030	9.6	20	0.3	127,354	22.1	203	0.4

Cells might not add to total due to averaging and rounding.

Source: Idaho Commerce and Labor, Covered Employment and Wages, November 2004

Table 4 shows (page 25), the number of employers and number of employees by size categories has not changed much between 1993 and 1998. A couple of chain stores left the state, convenience stores have expanded their product lines, and many medium sized stores have remodeled and joined buying associations in order to remain competitive.

The question of whether or not the “big box” retail store has put the “mom and pop” store out of business is not centered on the grocery business in Idaho. That is not to say that individual small grocery stores have not suffered from the presence of large supermarkets, because some have. Yet small grocery stores (maybe transformed into convenience stores that do not sell gasoline) have survived in some areas of the state.

The best example of the large retail store gaining a stronger presence—as measured by employment growth—is in *Building Material & Garden Equipment & Supplies Dealers*. Stores with 100 or more employees increased their total average employment count by 519 percent from 1993 to 2003. Smaller-sized stores still prospered, but the real growth occurred through the introduction of the big box retail stores. Home Depot and Lowe’s Building Centers are two examples.

Large *General Merchandise Stores* (examples: The Bon-Macy, Dillards, JC Penney, Sears, ShopKo, Target, Fred Meyer, Wal-Mart, Rite Aid) added the most workers. Stores with 100+ average employment added 3,568 workers during the ten-year period. Although the number of smaller stores increased between 1993 and 2003, the smaller-sized categories added just 1,365 employees.

The *Merchandise* category that offers some evidence of the large store hurting the small store is in *Clothing & Clothing Accessories Stores*. Both the number of stores and average employment in the size category of 10-99 employees declined between 1998

and 2003. Although it is possible one or more of these stores moved into the large store category, it is unlikely since there are too few establishments in the large store category to publish any data. There have been several news reports of hometown clothing stores closing after many years of business. Often these stores have been located in smaller towns that

were facing increased competition from growing regional shopping centers of larger cities nearby. This is not necessarily a result of big box competition, but the increased urbanization of Idaho cities.

In summary, the introduction of the big box retailers in certain *Merchandise* categories has increased, or at least somewhat centralized, employment. It is likely average employment would have increased anyway be-

cause of Idaho’s population growth. Continued growth of most of the smaller stores in the selected industries included in FYI Table 4 (page 25) supports this notion. So one conclusion is the big box retailer has had an employment impact in Idaho, but not necessarily at the expense of the smaller retailer. The smaller retail stores still exist and, for the most part, have grown.

#### WHAT CHARACTERIZES A BIG BOX RETAILER?

- Typically occupies more than 50,000-square feet, with typical ranges between 90,000-200,000-square feet.
- Derives profits from high sales volumes rather than price mark up.
- Large, windowless, rectangular single-story buildings with standardized facades.
- Acres of parking; reliance on auto-borne shoppers.
- No-frills site development with no community or pedestrian amenities.
- Varying market niches; categories include discount department stores and warehouse clubs.

*(adapted from a report from the Columbia University Graduate School of Architecture, Preservation, and Planning, 2001)*

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FYI Table 1: Retail Trade, Average Employment and Employers

	1998		2003		1998-2003 Numerical Change		1998-2003 Percent Change	
					Avg Emp	Employers	Avg Emp	Employers
<b>44 RETAIL TRADE</b>	69,652	5,847	73,132	5,848	3,480	1	5.00	0.00
441 Motor Vehicle and Parts Dealers	9,915	810	10,815	855	901	46	9.08	5.62
4411 Automobile Dealers	5,856	296	6,214	313	359	17	6.12	5.84
4412 Other Motor Vehicle Dealers	1,080	168	1,386	178	306	11	28.34	6.42
4413 Automotive Parts, Accessories, and Tire Stores	2,979	347	3,215	364	236	18	7.93	5.05
442 Furniture and Home Furnishings Stores	2,380	381	2,387	315	7	(67)	0.31	(17.51)
4421 Furniture Stores	1,216	175	1,282	138	66	(37)	5.45	(21.26)
4422 Home Furnishings Stores	1,164	206	1,105	177	(59)	(30)	(5.06)	(14.32)
443 Electronics and Appliance Stores	2,229	356	2,508	374	278	18	12.48	5.06
4431 Electronics and Appliance Stores	2,229	356	2,508	374	278	18	12.48	5.06
444 Building Material and Garden Equipment and Supplies Dealers	6,736	619	7,660	647	925	27	13.73	4.40
4441 Building Material and Supplies Dealers	5,520	491	6,310	497	790	6	14.30	1.17
4442 Lawn and Garden Equipment and Supplies Stores	1,215	129	1,350	150	135	22	11.11	16.73
445 Food and Beverage Stores	15,595	701	12,774	618	(2,821)	(83)	(18.09)	(11.78)
4451 Grocery Stores	13,802	512	10,701	392	(3,101)	(119)	(22.47)	(23.31)
4452 Specialty Food Stores	1,477	144	1,727	179	251	36	16.99	24.91
4453 Beer, Wine, and Liquor Stores	317	46	346	47	29	1	9.16	2.20
446 Health and Personal Care Stores	2,014	281	2,823	304	809	23	40.15	8.29
4461 Health and Personal Care Stores	2,014	281	2,823	304	809	23	40.15	8.29
447 Gasoline Stations	4,820	491	5,162	556	342	65	7.10	13.23
4471 Gasoline Stations	4,820	491	5,162	556	342	65	7.10	13.23
448 Clothing and Clothing Accessories Stores	3,639	536	3,722	497	83	(40)	2.29	(7.37)
4481 Clothing Stores	2,428	311	2,707	287	278	(24)	11.47	(7.64)
4482 Shoe Stores	598	116	474	99	(124)	(17)	(20.69)	(14.50)
4483 Jewelry, Luggage, and Leather Goods Stores	613	110	541	111	(72)	1	(11.67)	0.91
451 Sporting Goods, Hobby, Book, and Music Stores	3,960	488	4,206	477	245	(11)	6.19	(2.15)
4511 Sporting Goods, Hobby, and Musical Instrument Stores	2,954	384	3,129	383	174	(1)	5.90	(0.26)
4512 Book, Periodical, and Music Stores	1,006	104	1,077	94	71	(10)	7.07	(9.18)
452 General Merchandise Stores	11,769	228	15,145	250	3,377	23	28.69	9.89
4521 Department Stores	5,102	50	4,780	56	(322)	7	(6.32)	13.13
4529 Other General Merchandise Stores	6,667	178	10,365	194	3,699	16	55.48	8.99
453 Miscellaneous Store Retailers	4,632	766	4,512	764	(120)	(1)	(2.60)	(0.16)
4531 Florists	677	136	609	129	(68)	(8)	(10.01)	(5.69)
4532 Office Supplies, Stationery, and Gift Stores	1,673	220	1,709	240	37	20	2.20	8.99
4533 Used Merchandise Stores	536	107	563	103	27	(5)	5.04	(4.20)
4539 Other Miscellaneous Store Retailers	1,747	302	1,631	294	(116)	(9)	(6.66)	(2.89)
454 Nonstore Retailers	1,964	193	1,419	192	(545)	(1)	(27.75)	(0.39)
4541 Electronic Shopping and Mail- Order Houses	871	33	444	40	(428)	7	(49.10)	21.21
4542 Vending Machine Operators	132	29	98	24	(34)	(5)	(25.91)	(17.24)
4543 Direct Selling Establishments	961	131	878	128	(83)	(3)	(8.64)	(2.11)

Note: Totals might not add due to averaging and rounding

Source: Idaho Commerce & Labor, Covered Employment & Wages, November 2004

FYI Table 4: Selected Retail Trade Employers and Average Employment								
Size of Retail Stores by Avg. Employment	442 Furniture and Home Furnishings Stores							
	1993		1998		2003		93-03 Pct. Chg.	
	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp
All Size Classes*	325		381	2,380	315	2,387	(3.1)	16.4
INA	25		46	8	30	5	16.8	(42.6)
1 - 9	233	904	255	917	219	850	(6.0)	(6.0)
10 -99	66	1,139	81	1,455	66	1,269	(1.1)	11.4
Over 100					suppressed			
	443 Electronics and Appliance Stores							
	1993		1998		2003		93-03 Pct. Chg.	
	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp
All Size Classes*	261	1,595	356	2,229	374	2,508	43.1	57.2
INA	21	9	40	15	46	8	122.9	(15.0)
1 - 9	194	673	259	902	270	974	39.2	44.7
10 -99	46	831	57	1,220	57	1,358	22.2	63.3
Over 100	suppressed		suppressed		suppressed		suppressed	
	444 Building Material and Garden Equipment and Supplies Dealers							
	1993		1998		2003		93-03 Pct. Chg.	
	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp
All Size Classes*	510	5,215	619	6,736	647	7,660	26.8	46.9
INA	22	11	36	23	52	13	140.2	9.5
1 - 9	310	1,366	364	1,555	379	1,645	22.3	20.4
10 -99	176	3,540	215	4,389	202	4,164	14.8	17.6
Over 100	suppressed		5	769	13	1,840	410.0	518.5
	445 Food and Beverage Stores							
	1993		1998		2003		93-03 Pct. Chg.	
	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp
All Size Classes*	610	12,940	701	15,595	618	12,774	1.4	(1.3)
INA	28	27	42	73	37	28	32.7	1.2
1 - 9	318	1,455	363	1,680	308	1,396	(3.2)	(4.0)
10 -99	241	7,704	261	8,581	253	8,883	5.3	15.3
Over 100	23	3,754	34	5,261	20	2,467	(13.0)	(34.3)
	448 Clothing and Clothing Accessories Stores							
	1993		1998		2003		93-03 Pct. Chg.	
	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp
All Size Classes*	623	3,847	536	3,639	497	3,722	(20.3)	(3.2)
INA	34	20	41	25	48	24	40.1	23.1
1 - 9	485	2,082	397	1,780	361	1,633	(25.5)	(21.5)
10 -99	105	521	97	1,735	85	1,456	(19.1)	179.3
Over 100			suppressed		suppressed		suppressed	
	452 General Merchandise Stores							
	1993		1998		2003		93-03 Pct. Chg.	
	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp	Employers	Avg Emp
All Size Classes*	210	10,260	228	11,769	250	15,145	18.9	47.6
INA	7	6	6	5	10	52	53.8	774.6
1 - 4	59	265	65	332	63	337	6.3	26.9
10 -99	99	3,283	106	3,489	132	4,576	34.3	39.4
Over 100	47	6,877	51	7,943	45	10,445	(3.7)	51.9
Suppressed because of 3 or less firms in cell								
*Total might not add due to averaging and rounding								
Source: Idaho Commerce & Labor, Covered Employment & Wages, October 2004								